

MOST IMPORTANT

No.AAAD/Disb.I/IDA/Audit of Special Account/2012  
Government of India  
Ministry of Finance/DEA  
O/o the Controller of Aid Accounts & Audit  
Janpath Bhawan, B Wing, 5<sup>th</sup> Floor, Janpath

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New Delhi, the 12<sup>TH</sup> April, 2013

OFFICE MEMORANDUM

**Subject: Submission of Certificates along with claims after exercising some crucial checks as per checklist to avoid disallowances.**

Audit Party of the Office of the CAG of India in their Audit Inspection Report on the transactions of Revolving Fund (Special Account) for 2011-12 has pointed out that number of instances of disallowances by Donor Agencies against the withdrawal claims was on rising trend over the period. This inter-alia indicates that Project Implementing Agencies (PIAs) are not strictly following the guidelines issued by the donors.

2. Reasons of disallowance during 2011-12 have been analysed and a check list based upon such objections/disallowances has been prepared for ready reference of the PIAs. All PIAs are requested to follow the check list strictly before sending claims to this Division to reduce the disallowances to the minimum extent.
3. All the authorized signatories are requested to adhere to the points of checklist and also prepare the claim as per the donor's guidelines.
4. Copy of the Audit Report is enclosed for ready reference.

  
(GIREESH KUMAR)  
DEPUTY CAA&A  
011-23358139

To  
All PIAs/PMU  
(JAPAN)

**Certificates to be submitted along with claims of GOJP after exercising following checks**

- 1 That there is no category where expenditure is overdrawn  
Re appropriated balance under each category is as under:

| Category | Category | Category | Category | Category |
|----------|----------|----------|----------|----------|
| a        | b        | c        | d        | e        |

- 2 That treatment of Taxes etc. is as per the terms and condition of Agreement and there is no Ineligible expenditure beyond the scope of contract
- 3 That Project is not under suspension due to non production of Audit report to JICA
- 4 That the exact amount up to two decimal point on invoice and corresponding Receipt is same and not rounded off to next higher rupee.
- 5 That there is sufficient contract balance
- 6 That calculation on Invoice, receipt and summary sheet is accurate and calculation sheet is consistent with receipt
- 7 That the claim amount is not more than concurred amount as per contract approved by JICA
- 8 That Attested Receipts are enclosed with Invoice.

Authorised Signatory

Extract Taken from the Office of the Principal Director of Audit's letter  
No. AMG.11/1(14)/FR/RECAAA/2011-12/451-452 Dated 29-10-2012.

**Current Audit**

**Part-II-A**

**-NII -**

**Part-II-B**

**Para:1 Disallowance of claims of PIAs by donors.**

AAAD is mandated with the responsibilities of scrutinizing claims received from PIAs to ascertain eligibility as per relevant grant/ credit agreement /loan agreement and submitting the reimbursement claims to related donors for obtaining disbursement thereof.

Audit scrutiny of records / files relating to various grants/ loans has revealed large scale disallowances of claims by donors during 20 11-12 as detailed below :

| S.No. | Donor        | No. of grants/loans in which disallowances were made | No. of Instances of disallowances |
|-------|--------------|--|-----------------------------------|
| 1     | <b>IBRD</b>  | 6  | 31                                |
| 2     | <b>IDA</b>   | 4  | 8                                 |
| 3     | <b>ADB</b>   | 4  | 14                                |
| 4     | <b>IFAD</b>  | 4  | 5                                 |
| 5     | <b>GOJP</b>  | 24   | 68                                |
|       | <b>TOTAL</b> | <b>42</b>  | <b>126</b>                        |

During 2010-11 , disallowances were made in 39 instances.

From the details given above it is clear that no. of disallowances of expenditure incurred by various PIAs by Foreign Donors has increased from 39 instances of grants/loans in 2010-11 to 126 instances of grants/loans in 2011-12 despite being pointed out in last Inspection Report of Audit .The amount involved in the disallowances were significant .This suggests inadequate control over expenditure by various PIAs. In their reply to the previous IR, AAAD had stated that a circular had been issued to the PIAs. However, the significant increase from 39 to 126 indicates that this was a mere formality. Responsibility for such errors may be fixed and action taken against the PIAs and functionaries.